

# 2011 Property Tax Report

## Fayette County

### with Comparisons to Prior Years



Legislative Services Agency

September 2011

This report describes property tax changes in Fayette County between 2010 and 2011, with comparison to changes since 2007. In 2011, the changes from the big tax reform of 2008 were fully phased in with the elimination of the last of the state homestead credits. The 2009 recession affected assessments and local tax credits in many counties. Changes in local levies and assessments also were important in many counties.

#### Comparable Homestead Property Tax Changes in Fayette County

The average homeowner saw a 13.8% tax bill increase from 2010 to 2011.

Homestead taxes in 2011 were still 34.8% lower than they were in 2007, before the property tax reforms.

94.9% of homeowners saw lower tax bills in 2011 than in 2007.

69.2% of homeowners saw tax increases of 10% or more from 2010 to 2011.

The largest percentage of homeowners have seen between a 10% and 39% decrease in their tax bills from 2007 to 2011.

	2010 to 2011		2007 to 2011	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
<b>Summary Change in Tax Bill</b>				
Higher Tax Bill	4,941	81.2%	251	4.1%
No Change	640	10.5%	62	1.0%
Lower Tax Bill	504	8.3%	5,772	94.9%
<b>Average Change in Tax Bill</b>	<b>13.8%</b>		<b>-34.8%</b>	
<b>Detailed Change in Tax Bill</b>				
20% or More	2,378	39.1%	104	1.7%
10% to 19%	1,833	30.1%	39	0.6%
1% to 9%	730	12.0%	108	1.8%
0%	640	10.5%	62	1.0%
-1% to -9%	330	5.4%	270	4.4%
-10% to -19%	50	0.8%	822	13.5%
-20% to -29%	25	0.4%	1,272	20.9%
-30% to -39%	16	0.3%	1,065	17.5%
-40% to -49%	7	0.1%	858	14.1%
-50% to -59%	12	0.2%	357	5.9%
-60% to -69%	5	0.1%	182	3.0%
-70% to -79%	8	0.1%	209	3.4%
-80% to -89%	4	0.1%	223	3.7%
-90% to -99%	7	0.1%	152	2.5%
-100%	40	0.7%	362	5.9%
<b>Total</b>	<b>6,085</b>	<b>100.0%</b>	<b>6,085</b>	<b>100.0%</b>

Note: Percentages may not total due to rounding.

★★★★★★  
 LOSS OF STATE HOMESTEAD  
 CREDIT, LOWER LOCAL  
 HOMESTEAD CREDITS AND  
 HIGHER TAX RATES RAISE  
 HOMEOWNER TAX BILLS  
 ★★★★★★

#### Homestead Property Taxes

Homestead property taxes increased 13.8% on average in Fayette County in 2011. This was much more than the state average of 4.4%. Fayette County homestead taxes were still 34.8% lower in 2011 than they were in 2007, before the big tax reform. The larger-than-average homestead tax increase in 2011 was due to many factors. The state homestead credit was phased out. It had been 9.5% in Fayette, one of the highest rates in the state. Fayette County's local homestead credit declined in 2011, due to a drop in the local income tax revenues that fund it. Tax rates also increased.

#### Tax Rates

Property tax rates increased in all of Fayette County tax districts. The average tax rate increased by 3.6% because of an increase in the levy and a decrease in net assessed value. Levies in Fayette County increased by 1.7%. The biggest levy increases were in the Connersville city park fund and the Fayette County Schools capital projects fund. Both Connersville Township and Jackson Township reduced their overall levies. Fayette County's total net assessed value decreased 1.7% in 2011. Homestead and agricultural net assessments decreased by 2.3% and increased 1.9%, respectively. Other residential assessments showed a small decrease of 1.7%, while business net assessments decreased by 3.6%.

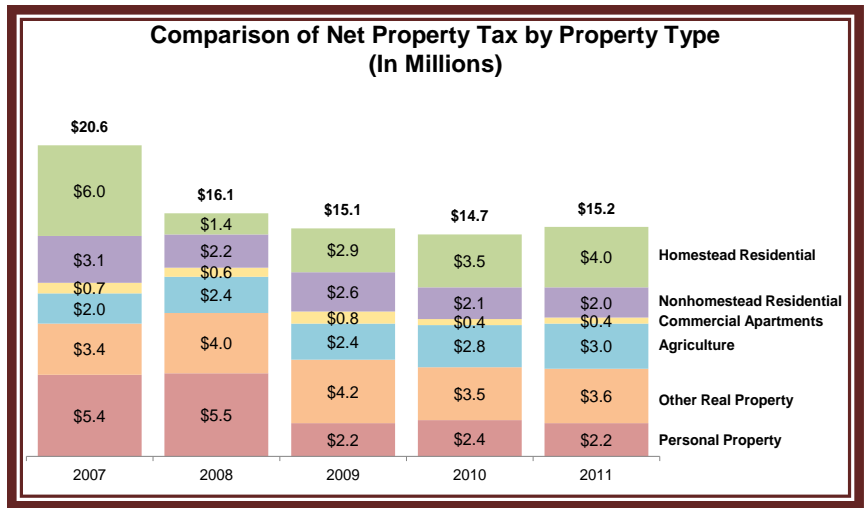
★★★★★★

*TAX BILL REDUCTIONS FOR OTHER  
RESIDENTIAL, APARTMENTS, AND  
BUSINESS; INCREASES FOR AGRICULTURE*

★★★★★★

### Net Tax Bill Changes - All Property Types

Net tax bills for all taxpayers rose 2.8% in Fayette County in 2011, the same as the statewide increase of 2.8%. Other residential property, which includes smaller rentals and second homes, saw net tax bills decrease by 7.0%. Tax bills for commercial apartments fell 2.5%. Business tax bills - which include commercial, industrial and utility buildings, land and equipment - dropped by 3.0%. These reductions reflect shifts of tax bills to homestead and agricultural taxpayers, and an increase in tax cap credits. Agricultural tax bills rose 7.0%. This was partly due to the 3.2% increase in the base rate assessment of farm land, from \$1,250 to \$1,290 per acre for taxes in 2011.



### Tax Cap Credits

Property taxes are capped at 1% of gross assessed value for homesteads, 2% for other residential property (including rental housing and second homes) and farmland, and 3% for business land, buildings, and equipment. Taxpayers receive credits when their tax bills exceed the caps. Credits are revenue lost to local governments.

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*TAX CAP CREDITS INCREASED  
SLIGHTLY IN 2011*

★★★★★★

Total tax cap credit losses in Fayette County were almost \$4 million, or 18.1% of the levy. This was much more than the state average loss rate of 9.2%, and much more than the median value of 3.8% among all counties. Tax rates are the main determinant of tax cap credits, and tax rates in Fayette County's municipal districts were much higher than the state median.

Most of the total tax cap credits were in the 2% and 3% property categories. High tax rates made business and nonhomestead property eligible for tax cap credits, but local homestead credits held most homestead tax bills below the 1% cap. By far the largest percentage losses were in the city of Connersville, where district tax rates were well above \$4 per \$100 assessed value. The largest dollar losses were in Connersville City, Fayette County School Corporation, and the county unit.

Fayette County Tax Cap Credits	1%	2%	3%	Elderly	Total	% of Levy
2010 Tax Cap Credits	\$197,291	\$1,613,558	\$1,249,968	\$60,487	\$3,121,304	14.4%
2011 Tax Cap Credits	440,103	1,820,404	1,637,100	85,804	3,983,412	18.1%
<b>Change</b>	<b>\$242,812</b>	<b>\$206,846</b>	<b>\$387,133</b>	<b>\$25,317</b>	<b>\$862,108</b>	<b>3.7%</b>

Tax cap credits rose in Fayette County in 2011 by \$862,108, or 28%. The additional credits represent an

added loss of 3.7% of the total tax levy. All property categories saw increases in tax credits. Tax rate increases in districts with rates above \$3 are the primary reason. The drop in across-the-board local tax credits contributed as well. The elimination of the state homestead credit caused part of the 1% tax cap credit increase.

### The Effect of Recession

The 2009 recession had an effect on Fayette County assessments for pay-2011. Business and other residential property values and construction activity appear to have fallen in Fayette County in 2009, and homestead assessments did not increase. Increases in agricultural assessments almost offset this decline. Lower incomes in 2009 resulted in lower local income tax distributions in 2011, which reduced local property tax credits. The changes made for higher tax bills, which increased tax cap credit losses to Fayette local governments. Fayette had less revenue after credits in 2011 than in 2010.

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*2009 RECESSION CONTRIBUTED TO INCREASES  
IN TAX CAP CREDITS, WHICH REDUCED AFTER-  
CREDIT REVENUES*

★★★★★★

Property Type	Gross AV 2010	Gross AV 2011	Gross AV Change	Net AV 2010	Net AV 2011	Net AV Change
Homesteads	\$625,033,030	\$625,243,580	0.0%	\$218,940,860	\$213,897,937	-2.3%
Other Residential	94,694,600	93,135,550	-1.6%	93,039,370	91,418,718	-1.7%
Ag Business/Land	152,276,000	155,031,900	1.8%	150,869,949	153,728,853	1.9%
Business Real/Personal	284,261,370	280,591,930	-1.3%	212,974,198	205,276,825	-3.6%
<b>Total</b>	<b>\$1,156,265,000</b>	<b>\$1,154,002,960</b>	<b>-0.2%</b>	<b>\$675,824,377</b>	<b>\$664,322,333</b>	<b>-1.7%</b>

Net AV equals Gross AV less deductions and exemptions • Tax rates are calculated on Net AV • Circuit breaker tax caps are calculated on Gross AV

### Fayette County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	2011	%Change			
						2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011
County Total	27,862,844	28,535,131	20,438,374	21,618,092	21,978,006	2.4%	-28.4%	5.8%	1.7%
State Unit	20,499	21,242	0	0	0	3.6%	-100.0%		
Fayette County	6,803,074	7,397,365	5,109,880	5,316,240	5,312,748	8.7%	-30.9%	4.0%	-0.1%
Columbia Township	7,196	7,453	7,437	7,877	7,840	3.6%	-0.2%	5.9%	-0.5%
Connersville Township	117,188	121,596	126,384	131,012	75,100	3.8%	3.9%	3.7%	-42.7%
Fairview Township	6,681	6,928	11,578	12,128	12,445	3.7%	67.1%	4.8%	2.6%
Harrison Township	55,442	80,585	83,180	86,609	89,141	45.4%	3.2%	4.1%	2.9%
Jackson Township	10,860	11,265	11,665	12,088	8,690	3.7%	3.6%	3.6%	-28.1%
Jennings Township	4,130	4,286	4,412	4,558	4,668	3.8%	2.9%	3.3%	2.4%
Orange Township	8,034	8,317	11,640	12,057	12,376	3.5%	40.0%	3.6%	2.6%
Posey Township	15,653	16,200	16,738	17,468	17,931	3.5%	3.3%	4.4%	2.7%
Waterloo Township	5,821	6,023	6,077	6,190	6,502	3.5%	0.9%	1.9%	5.0%
Connersville Civil City	7,639,463	7,920,450	7,523,958	7,802,857	8,003,926	3.7%	-5.0%	3.7%	2.6%
Glenwood Civil Town	13,629	15,028	14,967	16,456	17,391	10.3%	-0.4%	9.9%	5.7%
Fayette County School Corp	12,603,412	12,274,067	6,840,400	7,497,515	7,695,673	-2.6%	-44.3%	9.6%	2.6%
Fayette County Public Library	551,762	644,326	670,058	695,037	713,575	16.8%	4.0%	3.7%	2.7%
Fayette County Solid Waste Mgt Dist	0	0	0	0	0				

### Fayette County 2011 Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Dist #	Taxing District	Tax Rate	LOIT PTRC	Credit Rates					Net Tax Rate, Homesteads
				COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	LOIT Residential	
21001	Columbia Township	2.1420	13.2853%	--	7.4802%	--	--	--	1.6972
21002	Connersville Township	2.1449	13.2853%	--	7.4802%	--	--	--	1.6995
21003	Connersville City-Connersville	4.7382	13.2853%	--	7.4802%	--	--	--	3.7543
21005	Fairview Township	2.1612	13.2853%	--	7.4802%	--	--	--	1.7124
21006	Glenwood Town-Fairview Township	3.7120	13.2853%	--	7.4802%	--	--	--	2.9412
21007	Harrison Township	2.1775	13.2853%	--	7.4802%	--	--	--	1.7253
21008	Connersville City-Harrison Township	4.7635	13.2853%	--	7.4802%	--	--	--	3.7743
21010	Jackson Township	2.1293	13.2853%	--	7.4802%	--	--	--	1.6871
21011	Jennings Township	2.1224	13.2853%	--	7.4802%	--	--	--	1.6817
21012	Orange Township	2.1613	13.2853%	--	7.4802%	--	--	--	1.7125
21013	Glenwood Town-Orange Township	3.7179	13.2853%	--	7.4802%	--	--	--	2.9459
21014	Posey Township	2.1577	13.2853%	--	7.4802%	--	--	--	1.7096
21015	Waterloo Township	2.1351	13.2853%	--	7.4802%	--	--	--	1.6917

Notes: A *Taxing District* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.

The *LOIT*, *COIT*, and *CEDIT* credits are funded by local income taxes.

The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

### Fayette County 2011 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type					Circuit Breaker as % of Levy	
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly	Total	Levy	
<i>Non-TIF Total</i>	440,103	1,820,404	1,637,100	85,804	3,983,412	21,978,006	18.1%
<i>TIF Total</i>	0	0	0	0	0	0	
<i>County Total</i>	440,103	1,820,404	1,637,100	85,804	3,983,412	21,978,006	18.1%
Fayette County	75,705	313,139	281,305	21,299	691,447	5,312,748	13.0%
Columbia Township	0	0	0	31	31	7,840	0.4%
Connersville Township	1,458	5,050	3,986	359	10,853	75,100	14.5%
Fairview Township	1	15	4	1	21	12,445	0.2%
Harrison Township	1,077	6,567	7,161	436	15,242	89,141	17.1%
Jackson Township	0	0	0	51	51	8,690	0.6%
Jennings Township	0	0	0	20	20	4,668	0.4%
Orange Township	1	29	3	12	44	12,376	0.4%
Posey Township	0	0	0	6	6	17,931	0.0%
Waterloo Township	0	0	0	21	21	6,502	0.3%
Connersville Civil City	241,918	997,702	899,008	29,857	2,168,485	8,003,926	27.1%
Glenwood Civil Town	114	2,253	372	0	2,739	17,391	15.7%
Fayette County School Corp	109,661	453,590	407,478	30,852	1,001,581	7,695,673	13.0%
Fayette County Public Library	10,168	42,059	37,783	2,861	92,871	713,575	13.0%
Three Rivers Solid Waste Mgt Dist	0	0	0	0	0	0	
Fayette County Solid Waste Mgt Dist	0	0	0	0	0	0	

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

#### Circuit Breaker Credit Types:

*Homesteads* are owner-occupied primary residences and include homestead land and buildings in the 1% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

*Other Residential/Farmland* includes small rental housing units, larger commercial apartments, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

*All Other Real/Personal* is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

*Elderly* includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.